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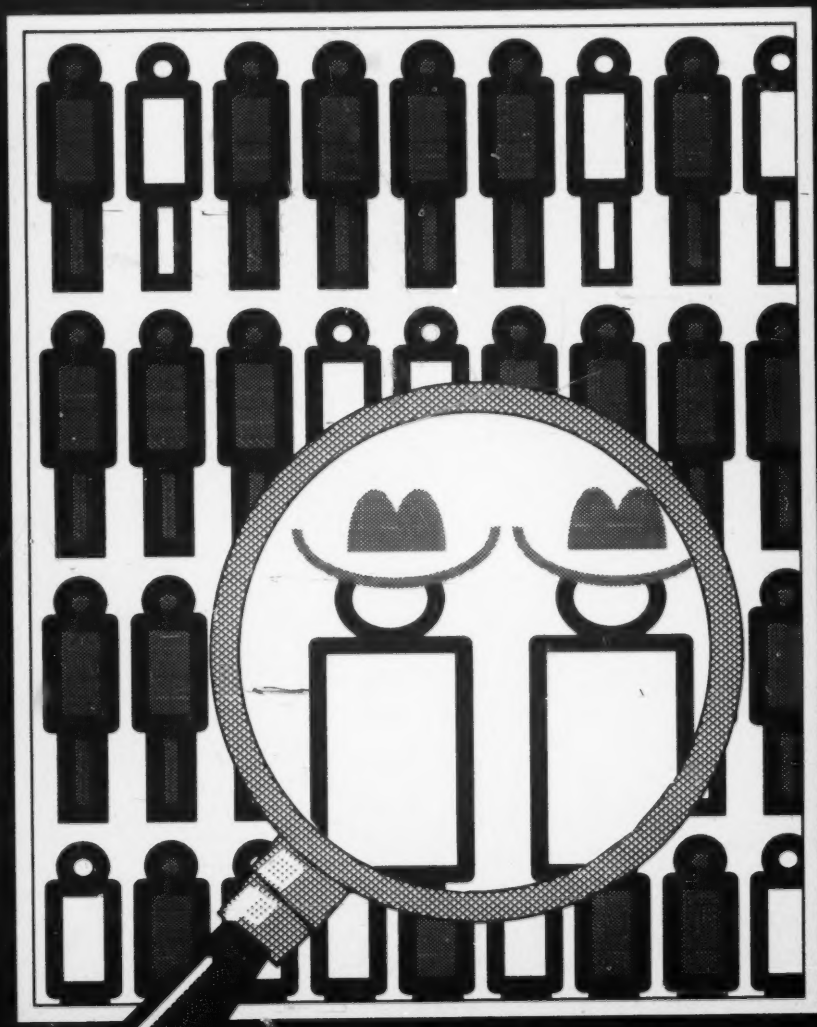
APRIL 1986
ALASKA ECONOMIC TRENDS

Alaska Department of Labor Bill Sheffield, Governor, State of Alaska



Resident Hire: A Closer Look

Alaska Economic Trends

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Funded by:

April 1986
Volume 6
Issue 4

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Alaska Economic Trends is published monthly by the Alaska Department of Labor, Research and Analysis Section, PO Box 25501, Juneau, Alaska 99802-5501.

POSTMASTER: Send address change to ALASKA ECONOMIC TRENDS, PO. BOX 25501, Juneau, Alaska 99802-5501.

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The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date March 1984.

P/ Denotes preliminary estimates.
R/ Denotes revised estimates.

Resident Hire: A Closer Look

By Jeff Hadland

The Alaska Department of Labor recently completed a study to determine the impact of nonresidents on Alaska's economy during 1984. The study, entitled "Nonresidents Working in Alaska", identified the number of nonresidents that worked and the total dollar volume of wages associated with these nonresident workers in 1984. Although some aspects of the study have been reported by the media, a great deal of information generated may have been overlooked by many of those who are interested in the subject. This article will highlight some of this information. In addition, the Research and Analysis section has recently examined related issues, including the occupational titles of nonresident unemployment insurance recipients, the nonresident wages going to union and nonunion construction firms, and the nonresident wages going to firms with an out-of-state business address. These findings are also reported.

Resident Hire Study Overview: Purpose and Limitations

Chapter 69, SLA 1985 (House Bill 294) amended Alaska Statute 36.10 to strengthen the State's case for preferential hire of Alaskans on state funded construction. The Alaska Department of Labor was funded to provide economic facts associated with resident and nonresident employment, especially as it concerns state funded construction. The legislature then requested that research efforts continue so as to provide a more detailed analysis of resident hire. A primary tool used to conduct the research was the Alaska Department of Revenue permanent fund dividend data base. The permanent fund dividend program provides a unique measure of residency. No other state has a program that pays each *resident* an annual dividend after providing information that includes a statement that attests to the applicant's residency and tenure in the state.

In early 1985, Research and Analysis matched the wage records of all those who earned income from wage and salary employment covered by Alaska's unemployment insurance program during 1984 with the 1984 permanent fund dividend recipient file. At that time only the 1984 permanent fund dividend recipient file was available. In order to qualify for a 1984 permanent fund dividend the recipient had to have been an Alaska resident during the period October 1, 1983 through March 31, 1984. Those permanent residents who arrived in Alaska after October 1, 1983 and then worked during 1984 were not identified as recipients in the initial cross match with the 1984 labor wage file.

To more accurately measure the number of residents, the social secu-

Summary of Findings from "Nonresident Working in Alaska - a Special Study to Measure the Economic Impact of Nonresidents of Alaska's Economy During Calender Year 1984."

- In 1984 $677 million was paid to 71,000 nonresident workers in Alaska. Twelve percent of all wages were paid to nonresidents who accounted for 22 percent of all employees.

- The average annual earnings of nonresidents was only 48 percent of that of residents of Alaska. Nonresidents did not have the same degree of attachment to the Alaska economy. Fifty-four percent of all residents worked during all four calendar quarters of 1984 while only 11 percent of nonresidents worked all four quarters.

- The seafood processing industry had the largest percent of total wages going to nonresidents. The construction industry had the largest total dollar amount going to nonresidents. More than 30 percent of all wages paid to nonresidents went to nonresidents working in the construction industry.

- Bristol Bay Borough, Aleutian Islands and Dillingham census areas had the highest percentage of nonresident earnings.

- In 1984, the number of unemployed never fell below 19,000 individuals in any month. The number of employed nonresidents was always greater than 16,000 individuals in any month.

- Alaska has unique economic conditions compared to other states. In 1984, Alaska had the highest unemployment rate in the manufacturing industry and the fifth highest overall unemployment rate.

- More than $20 million in unemployment insurance benefits were paid to nonresidents in 1984 and nearly $17 million of this was paid out of state.

- Nearly 20 percent of all unemployment insurance benefit payments made by Alaska in 1984 went to other states. This is the highest interstate percent in the nation. Fifty-eight percent of these interstate benefits went to nonresidents.

- Approximately 11,800 different individuals worked on state funded construction projects in Alaska in 1984. About 18.3 percent of all wages paid in the construction industry in 1984 are estimated to have been paid to on-site workers on state funded construction projects.

- The percentage of nonresidents working on state funded construction projects is about two-thirds the percentage of nonresidents working in the construction industry as a whole.

rity numbers of people who qualified for receipt of a dividend check for 1984 and/or 1985 were crossmatched with the 1984 labor wage file. Seventy-eight percent of all residents who worked during 1984 appeared on both the 1984 and 1985 permanent fund dividend files, 8.8 percent of all residents appeared only on the 1984 file and 13.1 percent of all residents were on the 1985 file only (new residents). It should be noted that a small number of individuals, while not recipients of either a 1984 or 1985 permanent fund dividend, are still residents.

The other major focus of the study was an examination of state funded construction. Research and Analysis created a large data base of calendar year 1984 state funded construction payrolls that are currently monitored by the Alaska Department of Labor. Relevant data from these payrolls was coded and transcribed from the raw files. This data base was then crossmatched with other related data bases (Department of Labor wage file, unemployment insurance benefits file and the permanent fund dividend file) to obtain a clearer view of the economic impact of state funded construction, and to determine how effective enforcement had been of Alaska statutes relating to resident hire on state funded construction during 1984.

In order to better understand the tables of information included in this article the following items should be kept in mind:

1) Estimates are based on the summation of individual worker earnings records. The individual worker who works for different firms in several industries will have their *total* earnings reported in the industry or area in which earnings were the greatest.

2) Individual wage information for federal workers is not reported to the Alaska Department of Labor and is excluded from this report.

3) Counts are of employees as opposed to employment. About 70 percent more individuals work in Alaska in a year than the annual average number of jobs. This is due to individuals moving in and out of the labor market and to highly seasonal industries that have high peak employment levels with relatively low annual average employment levels.

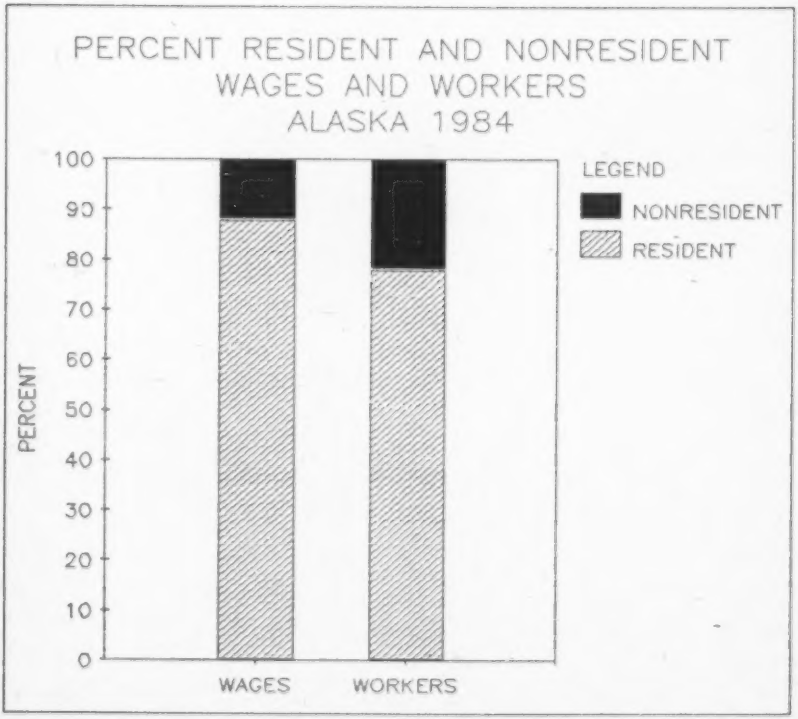
Resident and Nonresident employees and Earnings

During 1984, over $677 million dollars in wages were paid to slightly more than 71,000 wage and salary employees identified as not being residents of the state of Alaska. These wages were paid in significant amounts during every quarter of the year, with the greatest impact occurring during the third calendar quarter of 1984. A little more than 45 percent of the nonresidents worked during only one calendar

quarter of 1984. Almost 54 percent of resident Alaskans worked during all four quarters of 1984.

Table 1
Total Quarters Worked During 1984 for Residents and Nonresidents

	Residents Percent	Nonresidents Percent
One Quarter	14.4	45.4
Two Quarters	16.4	29.3
Three Quarters	15.6	14.1
Four Quarters	53.6	11.2
	100.0%	100.0%



Nonresident Wages and Employment by Industry

The heavy construction, oil and gas mining and food processing industries had the largest total dollar amount of wages paid to nonresi-

dents in 1984. In all, about $677 million was paid to nonresident workers for all private and public sector industries, excluding the federal government and the self-employed.

Table 2
Top Ten Industries Wages Paid to Nonresidents
Alaska 1984

Standard Industrial Classification	Nonresident Wages	Rank
Heavy Construction	$105,154,362	1
Oil and Gas Mining	71,585,450	2
Food Processing	58,079,179	3
Special Trades Construction	51,095,513	4
Building Construction	45,438,783	5
Business Services	29,730,691	6
Local Government	28,135,129	7
Miscellaneous Services	26,941,833	8
Eating and Drinking Places	24,477,267	9
Air Transportation	22,156,700	10

Source: Alaska Department of Labor, Research and Analysis

In terms of the percent of total wages paid to nonresident workers by industry, the food (primarily seafood) processing industry tops the list with approximately 53 percent of all wages going to nonresidents.

Table 3
Top Ten Industries
Percent of Total Wages Paid to Nonresidents
Alaska 1984

Standard Industrial Classification	Nonresident Wages	Resident Wages	% of Total Wages to Nonresidents	Rank
Food Processing	$ 58,079,179	$ 50,903,801	53	1
Nonclassifiable	3,088,327	6,728,582	31	2
Heavy Construction	105,154,362	254,275,994	29	3
Miscellaneous Repair	6,482,789	15,684,114	29	4
Metal Mining	4,894,685	13,210,321	27	5
Fishing,Hunting,Trapping	1,172,299	3,373,836	26	6
Nonmetallic Mining	x	x	26	7
Logging	7,928,467	25,441,354	24	8
Private Household Domestics	51,668	168,578	23	9
Agricultural Services	1,302,569	4,687,771	22	10

Source: Alaska Department of Labor, Research and Analysis
Note: "x" indicates information cannot be disclosed.

Table 4
Top Ten Industries
Non Resident Employees
Alaska 1984

Standard Industrial Classification	Nonresident Employees	Rank
Food Processing	12,068	1
Eating and Drinking Places	7,473	2
Special Trades Construction	4,572	3
Heavy Construction	4,094	4
Business Services	3,990	5
Building Construction	3,976	6
Local Government	2,877	7
Oil and Gas Mining	2,783	8
Hotels	2,226	9
Food Stores	1,806	10

Source: Alaska Department of Labor, Research and Analysis

Census Areas

Nonresident wages and Employees by Geographic Area

The Bristol Bay Borough, Aleutian Islands, and Dillingham census areas are the three geographic areas in the state that have the highest percentage of nonresident wages paid (see map). Most of the wages paid to nonresidents in these census areas were paid to workers in the manufacturing (seafood processing) industry. The North Slope Borough had the fourth largest percentage of nonresident wages paid, with the majority of those wages going to workers in the construction and mining industries. In terms of total dollars paid to nonresidents, Anchorage, North Slope and Fairbanks, census areas led the list with a combined total of more than 70 percent of all nonresident wages paid.

Unemployment Insurance Benefit Recipients

During 1984 Alaska paid unemployment insurance benefits (including extended and federal benefits) to 61,738 different individuals. Nearly 10,000 of these individuals were identified as nonresidents based upon a match with the permanent fund dividend data base. Over $20 million, 17.6 percent of all unemployment insurance benefits, went to nonresidents. Most of the dollars paid to nonresidents went to addresses in other states. While only 3.9 percent of all in-state unemployment insurance payments were found to have been paid to nonresidents, 58.6 percent of all interstate payments went to nonresidents.

In 1984 regular interstate benefits comprised a larger share of total benefits paid to all individuals for Alaska than for any other state. Only Wyoming approached Alaska in terms of percent of benefits paid to interstate claimants in 1984 and slightly exceeded Alaska in 1983. Interstate payments to *nonresidents* during 1984 were sent primarily to western states, with 33 percent going to the state of Washington. Some other states receiving U.I. payments include: California (12.3%), Oregon (10.6%), Idaho (4.1%), Montana (3.3%), Arizona (2.9%), Texas (2.5%), Minnesota (2.3%), and Florida (2.0%). Interstate payments of all benefit types comprised 25.1 percent of total benefits paid in 1984. Approximately 34 percent of all regular unemployment insurance payments made in Alaska go to individuals that worked for firms in the construction industry. Of those payments made to construction workers, 21.2 percent are paid to individuals that receive their benefits outside of the state. Other industries with high percentages of interstate regular U.I. payments as a percent of total regular U.I. payments include food products manufacturing (54.8%); lumber and wood manufacturing (36.6%); finance, insurance and real estate (27.5%); and mining (27.0%).

Table 5 shows data from a recently completed analysis of the unemployment insurance payments and recipients by occupation. All unemployment insurance recipients are identified with a Dictionary of Occupational Title (DOT) which reflects their major area of experience. These broad occupational categories provide a general picture of the dollar value of payments and number of recipients by resident status. Miscellaneous construction, excavating and paving, food and beverage preparation/service, food processing and electrical installing and repair occupations are the five occupational categories in which nonresidents received the most unemployment insurance payments in 1984.

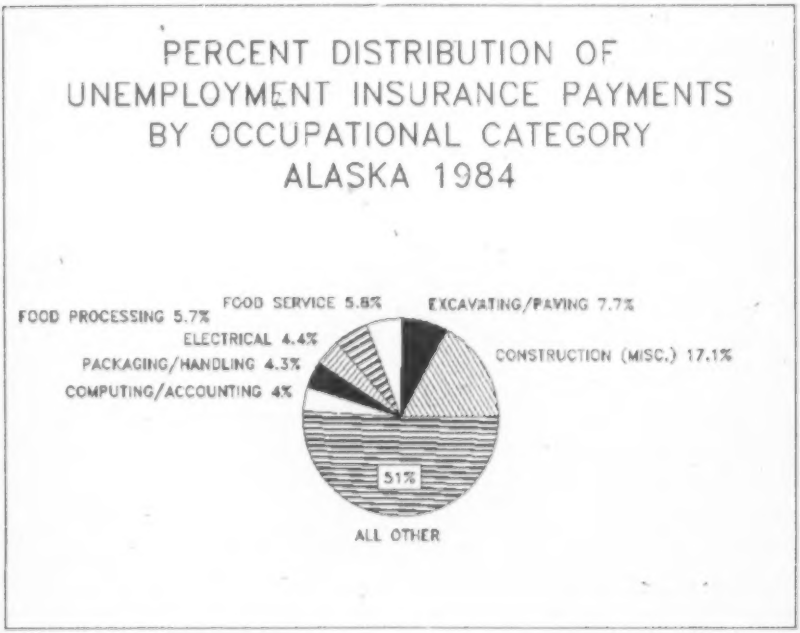


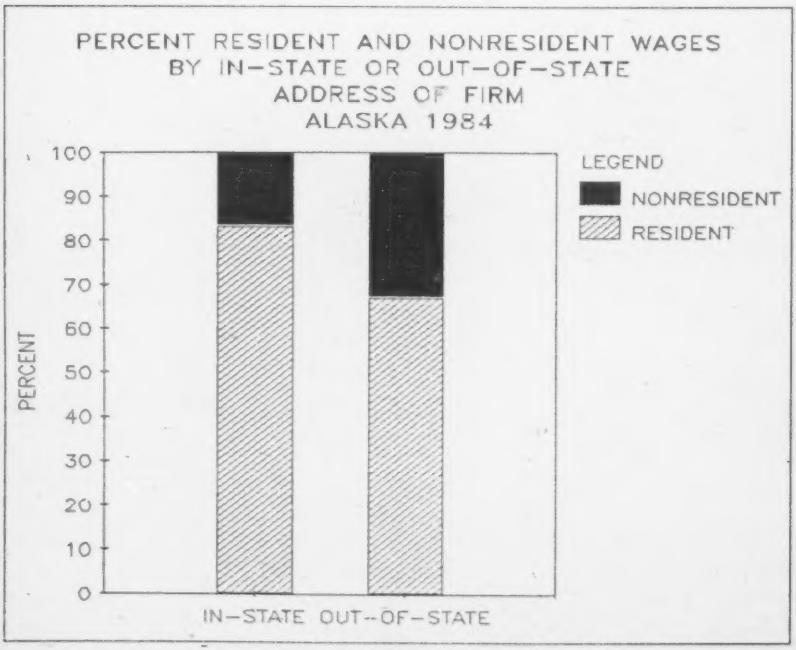
Table 5
Unemployment Insurance Payments and Recipients 1984
Sorted By Dictionary of Occupational Title Code

Occupational Category	Occupational Code	Total Payments (in dollars)	Percent Nonresident Payments	Total Recipients	Percent Nonresident Recipients
Invalid Occupation Code		1,076,556	51.79	533	44.46
Arch., Engineering, Surveying	1	1,448,080	20.43	713	18.09
Mathematics & Physical Sci.	2	508,793	11.22	287	10.45
Life Sciences	4	1,001,512	10.62	564	9.04
Social Sciences	5	100,099	19.95	55	21.82
Medicine & Health	7	862,343	18.80	481	15.59
Education	9	1,215,159	12.35	762	9.97
Museum, Library, Archival	10	99,690	13.51	56	14.29
Law	11	161,175	14.24	85	10.59
Writing	13	157,617	20.26	89	16.85
Art	14	194,522	12.27	116	11.21
Entertainment & Recreation	15	154,578	13.39	102	12.75
Admin. Specializations	16	2,981,212	14.10	1,500	12.73
Managers & Officials, N.E.C.	18	3,456,140	17.25	1,695	14.63
Misc. Prof., Tech., Managerial	19	1,965,870	23.02	1,092	19.41
Stenography, Typing, Filing	20	5,335,967	14.07	3,262	11.74
Computing & Account Recording	21	5,513,994	14.46	3,391	11.62
Production and Stock Clerks	22	1,152,617	17.86	613	16.48
Information and Message Distr.	23	1,567,146	13.60	1,000	9.70
Misc. Clerical	24	860,534	13.89	528	10.80
Sales Occupations, Services	25	195,874	12.35	136	11.76
Sales Occupations, Consumables	26	172,008	14.61	119	11.76
Sales Occupations, N.E.C.	27	1,182,038	14.43	728	11.95
Misc. Sales Occupations	29	1,320,191	15.57	896	13.39
Domestic Service	30	236,946	18.04	165	13.94
Food & Beverage Prep. & Svc.	31	5,977,040	19.24	4,066	16.26
Lodging and Related Service	32	913,216	9.74	570	9.82
Barbering, Cosmetology	33	110,750	21.51	76	13.16
Amusement & Recreation	34	18,319	48.22	17	35.29
Misc. Personal Service	35	701,789	17.63	535	12.71
Apparel & Furnishings Service	36	198,241	25.82	106	18.87
Protective Service	37	944,159	16.46	538	14.31
Building and Related Service	38	1,264,001	14.57	896	12.50
Plant Farming	40	249,443	20.23	170	18.24
Animal Farming	41	46,545	24.75	30	23.33
Misc. Agriculture	42	18,085	80.03	13	61.54
Fishery and Related	44	581,201	22.59	376	23.67
Forestry and Related	45	1,722,425	25.13	860	26.05
Hunting, Trapping	46	10,094	49.46	4	25.00
Metal Processing	50	43,803	34.27	20	30.00
Ore Refining and Foundry	51	4,780	58.93	5	40.00
Food Processing	52	3,592,974	31.42	2,594	29.68
Paper Processing	53	21,135	45.91	12	33.33
Petroleum, Coal Processing	54	99,674	16.17	39	12.82
Chemical Processing	55	37,794	53.24	21	47.62
Wood Processing	56	8,012	48.78	7	42.86
Stone, Clay, Glass Processing	57	74,305	32.44	35	31.43
Leather, Textile Processing	58	6,482	83.31	4	50.00
Processing Occupations N.E.C.	59	14,198	22.33	8	50.00
Metal Machining	60	422,419	50.50	211	41.71
Metalworking	61	69,443	21.40	44	31.82
Mechanics	62	3,726,101	18.07	1,920	15.31
Mechanics	63	1,046,847	19.83	465	19.35
Paperworking	64	9,992	0.00	6	0.00
Printing	65	99,239	15.89	51	9.80
Wood Machining	66	365,076	18.48	151	17.88
Stone, Clay, Glass Machining	67	20,498	47.24	7	42.86
Textile	68	24,406	72.20	13	61.54
Machine Trade Occ., N.E.C.	69	360,890	11.42	123	11.38
Fabr., Assembly of Metal Prod.	70	95,676	29.61	46	26.09
Fabr. of Scientific Products	71	64,462	12.38	54	16.67
Assembly of Electrical Equip.	72	121,615	16.98	78	21.79
Fabr., Repair Misc. Products	73	59,324	47.41	30	43.33
Painting, Decorating	74	103,160	21.09	50	16.00

Table 5
Unemployment Insurance Payments and Recipients 1984
Sorted By Dictionary of Occupational Title Code

Occupational Category	Occupational Code	Total Payments (in dollars)	Percent Nonresident Payments	Total Recipients	Percent Nonresident Recipients
Fabr. of Plastics, Rubber	75	29,499	15.10	12	16.67
Fabr. of Wood Products	76	176,167	7.01	93	9.68
Fabr. Sand, Stone, Clay, Glass	77	9,816	27.51	5	20.00
Fabr. Textiles, Leather	78	75,478	37.23	48	27.08
Bench Work, N.E.C.	79	0	0.00	0	0.00
Metal Fabricating, N.E.C.	80	1,849,452	21.86	781	20.61
Welders, Cutters and Related	81	2,096,018	21.32	918	20.92
Elec. Assembling, Installing, Repair	82	3,782,252	23.30	1,987	19.38
Painting, Plastering, Cementing	84	1,495,605	12.87	737	11.67
Excavating, Grading, Paving	85	8,377,810	18.33	3,504	17.84
Construction, N.E.C.	86	23,796,344	14.31	11,704	13.12
Structural Work	89	1,113,927	13.33	582	12.71
Motor Freight	90	5,817,960	12.60	2,536	12.62
Transportation, N.E.C.	91	1,971,323	15.77	1,200	13.50
Packaging and Materials Handling	92	4,614,702	18.52	2,444	18.54
Minerals Extraction	93	1,598,019	18.52	745	17.72
Prod. & Distr. of Utilities	95	755,069	15.81	382	12.30
Amusement, Recreation, TV, Radio	96	42,093	27.87	26	19.23
Graphic Art Work	97	148,663	18.19	84	13.10
Total		$113,918,471	47.49	61,007	15.76

Notes: Total payment amounts differ slightly from those published in "Nonresidents Working in Alaska" due to a different timeframe for the data extraction.



Displacement of Resident Workers

Nonresidents comprised 22 percent of Alaska's employees in 1984, and earned 12 percent of all wage and salary income. Some evidence was compiled which suggests that, on a statewide basis for many occupations, there were Alaskans available who would have been qualified for many of the positions taken by nonresident workers in Alaska in 1984. However, definitive determination of the number of Alaskans available and qualified for a particular job would require a detailed analysis of the supply of labor and the skill requirements of the particular job. This was beyond the scope of the study.

As part of the detailed study prepared by the Alaska Department of Labor, an analysis of the displacement of workers in the construction industry was prepared. The following graph shows the estimated number of nonresidents by selected construction occupation found to be working during the third calendar quarter of 1984, compared with the number of Alaska residents collecting unemployment insurance during that same quarter. Although the figures tend to overstate the number of nonresidents working *and* the number of residents receiving unemployment insurance available for work at any given time, the figures also understate the *total* number of Alaska residents available for work since many unemployed residents do not qualify for unemployment insurance. (Detailed data by quarter for the construction industry is available in the comprehensive report).

During the third calendar quarter of 1984 there were several thousand Alaskans receiving Unemployment Insurance compensation who may have been qualified to fill the several thousand positions occupied by nonresidents. Many of the occupations filled by nonresidents are not highly skilled or technical occupations.

Nonresidents in the Alaska Construction Industry
State Funded Construction Employees and Earnings

Based upon the sample of payroll records reported to the Alaska Department of Labor by firms working on state funded projects, about 11,800 different individuals worked on state funded construction projects and earned $162.6 million in wages during 1984. During 1984, 43,438 workers in the *entire* construction industry earned a total of $910,459,964. Wages in state funded construction, at the job site, represented about 18.3 percent of total wages earned in Alaska's construction industry, somewhat smaller than has been previously estimated.

State funded construction projects exhibited a significantly smaller percentage of nonresident workers and nonresident earnings than the construction industry as a whole. This is attributed to the enforcement of the employment preference provisions contained in AS 36.10. In 1984, for the entire construction industry, 29 percent of the individuals who worked were nonresidents, and 17.8 percent of total earnings were received by nonresidents. The sample of state funded construction workers indicates that 17.9 percent of the workers were nonresidents, and 15.0 percent of the total wages were earned by nonresidents.

The Alaska Department of Labor recently selected the 300 largest construction firms in Alaska in 1984 and identified which firms hired union construc-

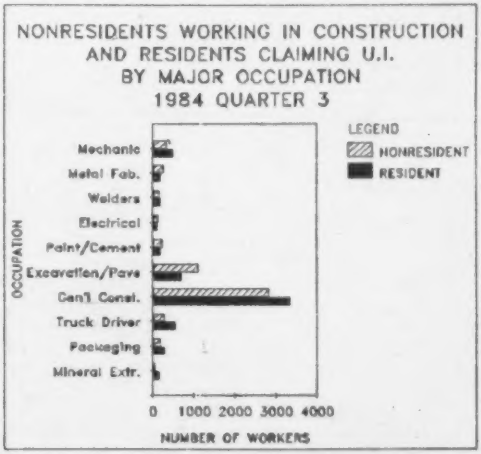
tion workers and which firms did not. These 300 firms accounted for slightly more than 73 percent of total wages paid in the construction industry in 1984. Based upon a union versus nonunion stratification, 24.6 percent of all wages paid by 'nonunion' firms went to nonresidents while 22.9 percent of all wages paid by 'union' firms went to nonresidents.

A recent examination of the employer payroll files classified individual firms as "in-state" or "out-of-state" based on the zip code of the payroll office of the reporting construction firm. Approximately 32.7 percent of all wages paid by "out-of-state" firms were paid to nonresidents while only 16.6 percent of all wages paid by "in-state" firms were paid to nonresidents of Alaska.

Summary

The recent Alaska Supreme Court decision upholding the Superior Court ruling which struck down Alaska's "resident hire law" (Title 36 of the Alaska Statutes) has provided a new sense of urgency to legislation designed to provide Alaska residents with preference in employment on state funded projects and on state lands. Several bills are currently being debated in the Alaska Legislature, including House Bills 466 and Senate Bill 271, which would address this issue. The bills attempt to address the Court's concerns and criticisms with different approaches and with a stronger use of objective data that can measure the real loss to the Alaska economy associated with nonresident employment and the available supply of qualified Alaskan workers.

For more information on the history of the resident hire issue see the August, 1985 issue of Alaska Economic Trends. For a detailed analysis of the impact of nonresidents in 1984 see "Nonresidents Working in Alaska—A Special Study to Measure the Economic Impact of Nonresidents on Alaska's Economy During Calendar Year 1984," Alaska Department of Labor, Research and Analysis, January 17, 1986.



Alaska

By Edward Eboch

Economic Forecasts

Economic forecasting is a humbling experience. Our December employment forecast for 1986 and 1987 may be to optimistic in light of the recent decline in the price of oil. While lower oil prices will negatively impact the Alaskan economy, peoples' expectations often have more influence on the level of economic activity than actual economic events. If people remain confident in the underlying strength and great potential of Alaska's economy the future will be better than many now expect.

The December forecast was qualified in that it assumed oil prices would remain above $20 a barrel. Implicit was that below this price the forecast would have to be adjusted downward. It was felt that prices below $20 a barrel would have a negative psychological impact and people would behave as if the economy was in a recession and be less likely to spend and invest. By spending and investing less they would insure that their expectations would be met.

However, it is difficult to account for the magnitude of the drop in employment suggested by many forecasts. We should be careful not to allow the negative news of lower oil prices to overshadow the changes that could positively affect Alaska's economy over the next several years.

Reviewing the Forecast

Cuts in state expenditures were anticipated but not of the magnitude that may be required with the price of oil in the low teens. What was not expected was the response from the oil companies. Since oil companies recognize the fickle nature of supply/demand balances and the long time required to find and develop oil fields it was felt that exploration and development would continue at levels of the past several years. However, the sharp drop in oil prices make it more difficult to find fields that are economical to develop and anticipated lower earnings reduces the cash flow available to continue both exploration and development.

It is likely that the economy will not perform as well as it would had state expenditures remained at previous levels. While less state spending and less oil exploration and development activities mean the economic outlook is not as good as anticipated in December there is no reason to panic. True, state government employment will decline

Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

			Changes From:		
	P/ 2/86	R/ 1/86	2/85	1/86	2/85
Nonag. Wage & Salary	218700	217100	215300	1600	3400
Mining	9100	9100	9200	0	-100
Construction	12500	12800	14400	-300	-1900
Manufacturing	8000	7600	7800	400	200
Food & Kindred Prod.	3000	2700	2800	300	200
Lumber & Paper Prod.	1700	1600	1800	100	-100
All Other Mfg.	3300	3300	3200	0	100
Trans. Comm. & Utilities	17900	17700	17400	200	500
Trucking & Whseing.	2100	2100	2200	0	-100
Water Transportation	1000	900	1100	100	-100
Air Transportation	5900	5800	5200	100	700
Other Trans. Comm. & Utilities	8900	8900	8900	0	0
Trade	44100	44800	42700	-700	1400
Wholesale	8300	8400	8300	-100	0
Retail	35800	36400	34400	-600	1400
Gen. Mer. & Apparel	5300	5400	4800	-100	500
Food Stores	6100	6200	5600	-100	500
Eating & Drinking Pl.	12600	12500	12200	100	400
Other Retail Trade	11800	12300	11800	-500	0
Finance-Ins. & R.E.	12700	12700	12200	0	500
Services & Misc.	44900	44300	43500	600	1400
Government	69500	68100	68100	1400	1400
Federal	17800	17700	17000	100	800
State	20400	19300	20400	1100	0
Local	31300	31100	30700	200	600

Prepared in cooperation with the U.S. Bureau of Labor Statistics.
Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1985.

P/ Denotes Preliminary Estimates.

R/ Denotes Revised Estimates.

and oil industry employment may not grow as expected and may actually decline, however, there is some positive news.

With the improvement of the exchange rate Alaska products (fish, timber, and tourism) should be more competitive. In addition, there is little appreciation of the importance of the military to Alaska's economic prosperity, especially the impact of the current military expan-

sion in Alaska. Although Fairbanks will be the primary beneficiary of this growth, benefits will accrue to many of Alaska's communities and industries. Besides the direct impact of more civilian jobs, indirect benefits will be felt as retail sales, services and construction increase.

Fishing employment has been strong and development of an Alaska bottomfish industry seems on its way to success with three plants soon to be operational statewide. Improved exchange rates will improve Alaska's fishing industry's competitive position both in the U.S. and abroad. The U.S. housing boom and being more competitive abroad will help Alaska's depressed timber industry. Attractive exchange rates and trouble in the Mediterranean coupled with a good U.S. economy means Alaska will have an excellent tourist season.

The state government still has ample resources at its disposal and, even with discussed cutbacks, will still spend more per capita in 1986-87 than any other state. While the cutbacks by the oil companies will be felt in later years the impact in 1986 will be slight. While oil prices remain low employment is unlikely to increase but there is no reason to expect declines in employment over the next year unless people believe the forecasts of a coming depression.

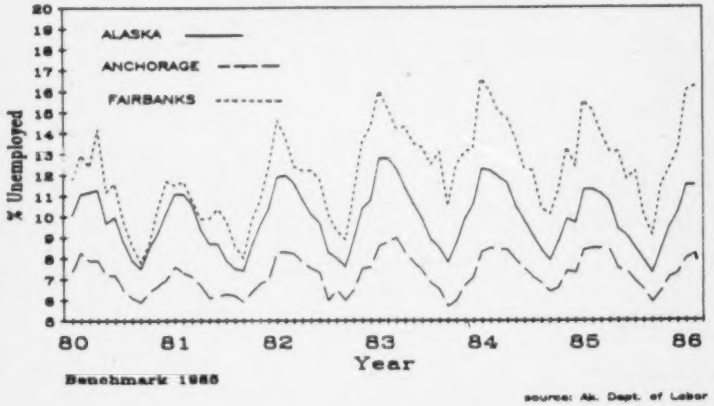
Current Trends

The unemployment rate for the State of Alaska held steady at 11.5% in February. The number of unemployed increased statewide by more than 600 workers, but an increasing employment base and labor force offset this increase and held the percentage of unemployed workers steady.

Alaska wage and salary employment increased during February by 1600 jobs, the first monthly increase since July of 1985. The increase was moderate, but indicates the Alaska economy has begun to rebound from its winter lull. Employment is expected to continue to increase from now until it reaches its peak in July or August. Employment gains statewide were experienced in government, and the transportation, manufacturing and service industries while trade and construction were employment losers in February. The drop in construction employment was the smallest since last summer, but the construction industry continues to show a sharp decline in employment compared to a year ago.

UNEMPLOYMENT RATES

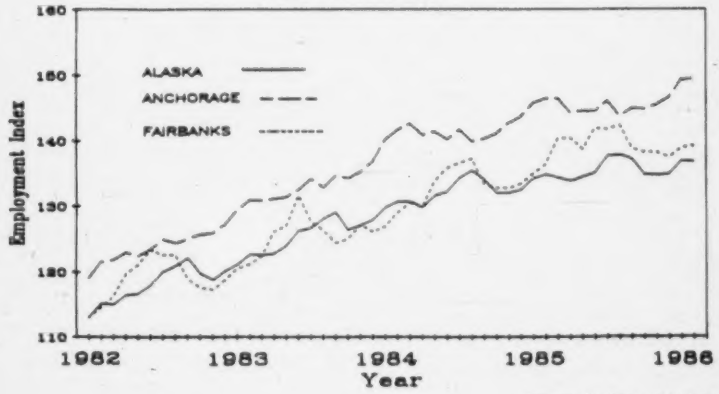
NOT SEASONALLY ADJUSTED
1980 to Present



source: Ak. Dept. of Labor

Composite Nonag. Employment Indexes

Seasonally Adjusted
1982 to Present



source: Ak. Dept. of Labor

Anchorage 'MatSu

By Greg Huff

Construction Activity Profile

Construction employment and building permit statistics for Anchorage continued to record declines, a trend which began in late 1984. In fact, construction employment in February was at its lowest level since early 1982 and building permit data began its third straight year of decline.

Construction Employment

Construction employment averaged 6,285 for the first two months of 1986 compared to 7,324 for the same period in 1985, a 14% decline. This represents the smallest construction work force in January and February since 1982. In addition, the construction industry's share of total employment has eroded from 7% in 1985 to 6% in 1986 (two month average for both years). At the peak of the boom in 1984, construction employment accounted for 7.6% of total employment in the first two months of the year and averaged 9% for the entire year. While the construction industry has declined, the various components of the industry have reacted differently.

The construction industry can be broken into three main categories; general construction, heavy construction and special trades. Employment in the general construction sector is composed of workers employed in the construction of residential and commercial building projects. The heavy construction sector is comprised of workers engaged in activities such as road, bridge and tunnel and pipeline construction or maintenance. The special trades sector is comprised of workers who are responsible for specific tasks such as plumbing, electrical or masonry work. (The employment statistics presented in this article do not include self-employed construction workers).

Anchorage Construction Employment by Major Sector

	Average* 1985	Average* 1986	% Change
General construction	2,274	1,912	-15.88%
Heavy construction	837	680	-18.76%
Special trades	4,214	3,693	-12.38%
Total construction	7,325	6,285	-14.19%

*January/February average

For the first two months of 1986 general construction employment was down 16%. Of this sector residential construction employment was down nearly 30% while the decline in commercial construction employment was less than one percent. For the past two years the commercial sector has had more employment than the residential sector, a phenomena, not recorded in at least 10 years. Heavy construction employment for January/February averaged 680 jobs, down 18% over the first two months of 1985. An early start-up of the Boniface overpass project and adding two lanes to the Glenn Highway from Bragaw to Muldoon will bolster employment levels.

Employment in the special trade sector has experienced less severe declines than other sectors. Employment was down 12.4%, two percentage points lower than the overall decrease in construction employment. This can be attributed to the sector's orientation towards maintenance and repair besides being engaged in the construction of new units. This dual role, particularly for plumbers and electricians, keeps many special trade contractors busy when less new construction impacts the other sectors.

Construction Building Permits

Building permit data compiled by the Municipality of Anchorage contains information on the number of permits, the number of units and the dollar valuation of construction projects. The number of units equals the number of residences, for example, a permit for a duplex contains two units. The limitations of the data are that they reflect only the construction of residential and commercial buildings and do not reflect heavy construction or military construction projects.

The total number of permits issued was down 27% through February 1986 and the number of units was down 70%, but the dollar valuation of the projects was down only 4.3%. This is a result of a permit issued in February for the "Downtown Mall," valued at over $28 million. Good news for construction employment if this project reaches the construction phase.

Building permit statistics are broken into two main categories; new construction and remodeling. These categories are further divided into residential or commercial projects. The residential category are divided into single family units, duplexes and multifamily units.

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 2/86	R/ 1/86	2/85	P/ 2/86	R/ 1/86	2/85	P/ 2/86	R/ 1/86	2/85	P/ 2/86	R/ 1/86	2/85
Alaska Statewide	247838	243603	238962	28534	27927	27095	11.5	11.5	11.3	219304	215676	211867
Anch-MatSu Region	135224	133244	130246	12676	12259	12445	9.4	9.2	9.6	122548	120985	117801
Anchorage Borough	118107	116315	113900	9719	9310	9711	8.2	8.0	8.5	108388	107005	104189
MatSu Borough	17117	16929	16346	2957	2949	2734	17.3	17.4	16.7	14160	13980	13612
Gulf Coast Region	25284	24852	24091	3844	3896	3633	15.2	15.7	15.1	21440	20956	20458
Kenai Peninsula Bor	16103	15816	15240	2842	2854	2586	17.6	18.0	17.0	13261	12962	12654
Kodiak Island Bor	5608	5548	5458	437	494	524	7.8	8.9	9.6	5171	5054	4934
Valdez-Cordova	3573	3488	3393	565	548	523	15.8	15.7	15.4	3008	2940	2870
Interior Region	38148	36968	36614	6047	5734	5400	15.9	15.5	14.7	32101	31234	31214
Fairbanks North Star B	30942	30058	29703	5001	4818	4479	16.2	16.0	15.1	25941	25240	25224
Southeast Fairbanks	3066	2956	2930	446	406	382	14.5	13.7	13.0	2620	2550	2548
Yukon-Koyukuk	4140	3954	3981	600	510	539	14.5	12.9	13.5	3540	3444	3442
Northern Region	7967	7708	8089	905	815	648	11.4	10.6	8.0	7062	6893	7441
Kobuk	2516	2402	2533	306	245	205	12.2	10.2	8.1	2210	2157	2328
Nome	3388	3265	3436	440	388	330	13.0	11.9	9.6	2948	2877	3106
North Slope Borough	2063	2041	2120	159	182	113	7.7	8.9	5.3	1904	1859	2007
Southeast Region	31070	30895	30469	4046	4280	4176	13.0	13.9	13.7	27024	26615	26293
Haines Borough	1016	1016	1000	173	186	180	17.0	18.3	18.0	843	830	820
Juneau Borough	11911	11872	11630	1223	1345	1231	10.3	11.3	10.6	10688	10527	10399
Ketchikan Gateway Bor	6634	6598	6554	880	931	956	13.3	14.1	14.6	5754	5667	5598
Prince of Wales-Outer Ketchikan	2439	2365	2290	476	432	380	19.5	18.3	16.6	1963	1933	1910
Sitka Borough	3778	3742	3646	432	447	391	11.4	11.9	10.7	3346	3295	3255
Skagway-Yakutat-Angoon	1917	1923	1986	345	375	456	18.0	19.5	23.0	1572	1548	1530
Wrangell-Petersburg	3375	3379	3363	517	564	582	15.3	16.7	17.3	2858	2815	2781
Southwest Region	10145	9936	9453	1016	943	793	10.0	9.5	8.4	9129	8993	8660
Aleutian Islands	2305	2272	2178	74	74	61	3.2	3.3	2.8	2231	2198	2117
Bethel	4014	3901	3722	473	413	363	11.8	10.6	9.8	3541	3488	3359
Bristol Bay Borough	412	407	378	57	58	42	13.8	14.3	11.1	355	349	336
Dillingham	1775	1752	1657	201	202	164	11.3	11.5	9.9	1574	1550	1493
Wade Hampton	1639	1604	1518	211	196	163	12.9	12.2	10.7	1428	1408	1355

P/ Preliminary R/ Revised 1985 Benchmark

Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor, because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random innature, meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's bush localities have proportionately more of these discouraged workers.

Anchorage Building Permit Statistics
By Major Type

	1985*	1986*	% Change
Single family:			
number of permits	117	99	-15.38%
$ valuation	9,924,327	9,966,588	0.43%
Duplex:			
number of permits	6	0	-100.00%
$ valuation	909,813	0	-100.00%
Multifamily:			
number of permits	22	8	-63.64%
number of units	115	34	-70.43%
$ valuation	7,053,215	1,924,797	-72.71%
Commercial:			
number of permits	21	5	-76.19%
$ valuation	8,464,195	30,360,615	258.69%
Residential Remodel:			
number of permits	55	43	-21.82%
$ valuation	1,041,375	683,709	-34.35%
Commercial remodel:			
number of permits	118	94	-20.34%
$ valuation	21,494,168	3,831,082	-82.18%
Total			
number of permits	339	249	-26.55%
$ valuation	48,887,635	46,766,791	-4.34%

Source: Municipality of Anchorage *Building SafetyActivity/Revenue Activities Report*
* figures represent the sum of the first two months of the year.

The number of permits for single family units for the first two months of 1986 was down 15%, but valuation was down less than 1% reflecting the construction of more expensive homes. On average, the valuation of single family residence building permits in early 1986 was over $100,000 dollars, compared to $88,000 in 1983, the peak year.

Applications for building permits for the construction of duplex units hit rock bottom in 1986—after three straight years of decline. The construction of duplex units peaked in 1982 when there were 220 permits issued. By 1985 the number of permits was down to 69. The construction of duplex units were not a large contributor to overall construction activity during the last boom. On average duplex construction represented less than 5% of total valuation over the last six years.

The number of permits issued through February for multifamily units declined 70%, while valuation dropped over $5 million. The biggest declines were in the condominium market. The peak of multifamily unit construction occurred in 1983 with 700 permits issued, totaling 5,364 units valued at over $258 million (25% of total building permit valuation for that year. A record not exceeded in recent history).

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage

			Changes From:		
	P/ 2/86	R/ 1/86	2/85	1/86	2/85
Nonag. Wage & Salary	112000	111750	109350	250	2650
Mining	4300	4300	4250	0	50
Construction	6100	6450	7150	-350	-1050
Manufacturing	2350	2250	2400	100	-50
Food & Kindred Prod.	350	250	350	100	0
Other Mfg.	2000	2000	2050	0	-50
Trans. Comm. & Utilities	9500	9450	8900	50	600
Trucking & Whseing.	1150	1100	1200	50	-50
Water Transportation	300	300	300	0	0
Air Transportation	3750	3650	3050	100	700
Other Trans. Comm. & Utilities	4300	4400	4350	-100	-50
Trade	27250	27550	25950	-300	1300
Wholesale	6300	6350	6300	-50	0
Retail	20950	21200	19650	-250	1300
Gen. Merchandise	1900	2000	1550	-100	350
Food Stores	3050	3050	2800	0	250
Eating & Drinking Pl.	7950	7900	7550	50	400
Other Retail Trade	8050	8250	7750	-200	300
Finance-Ins. & R.E.	8500	8550	8350	-50	150
Services & Misc.	27100	26800	26050	300	1050
Government	26900	26400	26300	500	600
Federal	9800	9800	9700	0	100
State	7500	6950	7300	550	200
Local	9600	9650	9300	-50	300

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage-MatSu

			Changes From:		
	P/ 2/86	R/ 1/86	2/85	1/86	2/85
Nonag. Wage & Salary	119400	119200	116150	200	3250
Mining	4300	4300	4250	0	50
Construction	6600	6900	7800	-300	-1200
Manufacturing	2450	2350	2500	100	-50
Trans. Comm. & Utilities	10150	10150	9550	0	600
Trade	29150	29550	27450	-400	1700
Finance-Ins. & R.E.	8950	9050	8900	-100	50
Services & Misc.	28400	28050	27250	350	1150
Government	29400	28850	28450	550	950

The commercial permit data received mixed reviews. The valuation of remodeling of commercial buildings was down over 82% and number of permits down 20% , but the valuation of permits for new construction was up 258%, indicating the building permit for the "Downtown Mall." Downtown Anchorage could be the construction hot spot in 1986 if the Mall construction actually gets underway. Combined with the construction of the performing arts center, downtown would be the site of the two largest projects in Anchorage.

Fairbanks/Interior

By Neal Fried

Fairbanks' Monthly Earnings

Fairbanks' workers today are taking home monthly paychecks which are $1,500 greater than they were in 1970. The average monthly wage in 1970 was $915 compared to $2,418 in 1985. Why doesn't the average Fairbanks resident feel their paycheck buys more than twice as much as it did in 1970? Because, after adjusting for inflation, it has only grown 2.5% in real terms. This article will explore why Fairbanks' average monthly earnings have grown slowly and will investigate some of the differences found from industry to industry.

Background

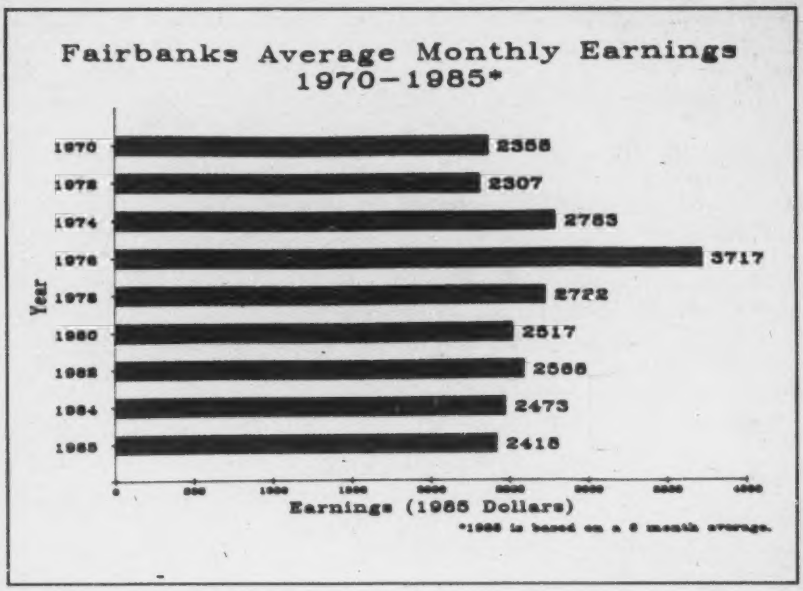
Average monthly earnings represent Fairbanks' total wage and salary payroll divided by the number of jobs it supports. The payroll is the computation of all wages and salaries paid to workers in Fairbanks' economy. It excludes self-employed workers' incomes and other forms of income not paid as wages and salaries. The average monthly earnings do not necessarily represent what the individual Fairbanks' resident earns but, instead, what the average job pays. Throughout the remainder of this article all references to average monthly earnings will be made in constant, or 1985 dollars.

Earnings Gains

Though monthly earnings increased only 2.5%, they did show more growth than national earnings. Nationally, earnings declined over the same time period. It is not surprising that Fairbanks' earnings have outperformed the nation, given the robust growth of Fairbanks' economy over the past 15 years.

In light of this growth in employment in Fairbanks it is surprising that the average monthly earnings have increased so little. Employment has almost doubled and most of Fairbanks' other economic indicators have improved. One cause of low growth in earnings is inflation. During the past 15 years the nation has experienced the highest inflation in this century and Fairbanks was no exception. Inflation has eroded many of the earnings gains.

A greater percent of total employment in industries that traditionally pay less explains much of the failure of the average monthly earnings to increase. The two largest of these industries are retail trade and services. These two industries were responsible for 27% of em-



ployment in 1970 compared to 37% today. Lower productivity in retail trade and the service industries is reflected in their low earnings. In 1985 Fairbanks' average monthly earnings was $2,418 compared to retail trade and services' average monthly earnings of $1,490 and $1,742 respectively.

Earnings in Fairbanks have fluctuated over the years. There were years which experienced rapid gains in earnings and correspondingly there were years with steep losses. The most rapid growth took place during the construction of the oil pipeline. During the first year of pipeline construction (1974), wages increased 21%. Wages grew because of several factors; employers had to bid up wages because of labor shortages, more hours were worked, favorable labor agreements were negotiated, and the construction work force, one of the best paid industries in Fairbanks, was growing rapidly. Two years later, wages soared another 34% and peaked at $3,717 per month. The average monthly earnings of 1976 have not yet been matched and may never be.

With the completion of the pipeline, wages fell almost as quickly as they climbed. By 1978 wages fell 27% and continued to fall through 1980. Wages began to inch up again in the early 1980's with the rebound in the economy, but more recently have begun to fall again. In 1984, earnings fell 4% and in 1985 they fell by another 1%. Economic growth slowed, there was a more than abundant labor force so wages

were not bid upward, organized labor appeared to be losing some ground, and the retail trade and service industries continued to expand. The end result when comparing 1970 to 1985 has been a 2.5% growth in earnings, with some fatter and leaner years in between.

Industry Differences

Monthly earnings vary dramatically from a high of $3,909 in construction to a low of $1,321 in retail trade. Typically secondary industries such as retail trade, services and finance, insurance and real estate fall below the average. Generally the secondary industries' wages are below average because of a combination of the following factors- low productivity, greater concentrations of unskilled and semi-skilled workers, a prevalence of part-time employment, and fewer workers represented by organized labor.

Fairbanks
Average Monthly Earnings
By Industry
1970-1985

Industry	1970/1	1985	Percent Growth 1970-1985
Nonag. Wage & Salary	$2,358	$2,418	2.5%
Mining	-	3,966	-
Construction	3,897	3,909	0.3%
Manufacturing	2,258	2,485	10.1%
Trans. Comm.& Utilities	2,968	3,384	14.0%
Trade	1,824	1,490	-18.3%
Wholesale Trade	2,435	2,328	- 4.4%
Retail	1,691	1,321	-21.9%
Finance, Ins. & R.E.	1,702	2,142	25.9%
Services & Misc.	1,723	1,742	1.1%
Government	2,340	2,695	15.2%
Federal	2,454	2,114	-13.9%
State & Local	2,264	2,709/2	19.7%

/1 In 1985 dollars
/2 The state and local figure is based on 1984 data because of a change in the way teachers earnings were calculated during the 2nd quarter of 1985.

Two industries in Fairbanks have actually lost ground since 1970. Retail trade is the biggest loser. In 1970 the average earnings for retail trade workers was $1,691 and by 1985 it had fallen to $1,321. This is largely because part-time employment has become more prevalent

but also because wage increases have not kept pace with inflation. Retail trade has become a fiercely competitive industry in Fairbanks, and this has contributed to the overall depression in wages. Federal government's wages have also lost ground since 1970.

The biggest winners have been state and local government, finance, insurance and real estate and transportation. State and local government earnings grew by nearly 20% over the past 14 years. This strong growth allowed earnings which were slightly below the average in 1970 to rise above the average by 1984. Despite finance, insurance and real estate's strong annual growth rate, its monthly earnings remain below the overall average. Construction earnings have remained virtually unchanged. There were a few extremely lucrative years for the construction industry during pipeline construction, when monthly earnings reached $6,653 in 1976. Wages for this industry fell almost as rapidly as they climbed and in 1985 they had fallen to 1970's level. Though this industry's earnings have not grown, construction workers remain among the top monthly wage earners in Fairbanks.

Though the average worker in Fairbanks is not taking home a paycheck much larger than wage earners did in 1970, the worker's household may still be significantly better off now than it was 15 years ago. This is because employees have chosen to take increases in the form of nontaxable benefits rather than as pay increases. In addition, more women are choosing to work, making it more likely that there are two wage earners in a household. Also there are fewer mouths to feed because families have become smaller. Finally, state programs such as low interest housing loans, the repeal of the state income tax and permanent fund dividends have increased the wealth of the household.

Current Trends

Interior's unemployment rate climbed to 15.9% in February. Fairbanks' registered the highest unemployment rate in the region at 16.2%. This is two-tenths of a point above January's rate and 1.1 points above year-ago. Both Southeast Fairbanks' and Yukon-Koyukuk's unemployment rates increased to 14.5% in February. Wage and salary employment grew by 350 in February. Most of this growth came from the University of Alaska as the spring semester got into full swing.

Nonagricultural Wage and Salary Employment
By Place of Work
Fairbanks

			Changes From:		
	P/ 2/86	R/ 1/86	2/85	1/86	2/85
Nonag. Wage & Salary	27450	27100	26850	350	600
Mining	100	150	150	-50	-50
Construction	1950	1800	2000	150	-50
Manufacturing	500	500	500	0	0
Trans. Comm. & Utilities	2700	2750	2650	-50	50
Trucking & Whseing.	450	500	450	-50	0
Air Transportation	850	850	850	0	0
Other Trans. Comm. & Utilities	1400	1400	1350	0	50
Trade	5800	5850	5550	-50	250
Wholesale	1000	1000	950	0	50
Retail	4800	4850	4600	-50	200
Gen. Mer. & Apparel	500	550	500	-50	0
Food Stores	750	750	700	0	50
Other Retail Trade	3550	3550	3400	0	150
Finance-Ins. & R.E.	1050	1000	950	50	100
Services & Misc.	5600	5600	5450	0	150
Government	9750	9450	9600	300	150
Federal	2650	2650	2500	0	150
State	4200	3900	4200	300	0
Local	2900	2900	2900	0	0

Nonagricultural Wage and Salary Employment
By Place of Work
Interior

			Changes From:		
	P/ 2/86	R/ 1/86	2/85	1/86	2/85
Nonag. Wage & Salary	31100	30500	30450	600	650
Mining	200	250	250	-50	-50
Construction	2050	1850	2100	200	-50
Manufacturing	550	550	500	0	50
Trans. Comm. & Utilities	3000	3050	2950	-50	50
Trade	6150	6150	6000	0	150
Finance-Ins. & R.E.	1100	1050	1000	50	100
Services & Misc.	5900	5850	5700	50	200
Government	12150	11750	11950	400	200

Gulf Coast

By Neal Fried

Unemployment in Valdez-Cordova

The Valdez-Cordova unemployment rate reached 15.8% in February, probably the highest it will reach this year. The Valdez-Cordova census area includes Valdez and Cordova as well as 12 communities in the Copper River basin along the Richardson and Edgerton Highways and the Tok Cut-Off. The larger communities include Copper Center and Glennallen. Seventy percent of the area's population reside in Valdez and Cordova.

The Unemployment Rate

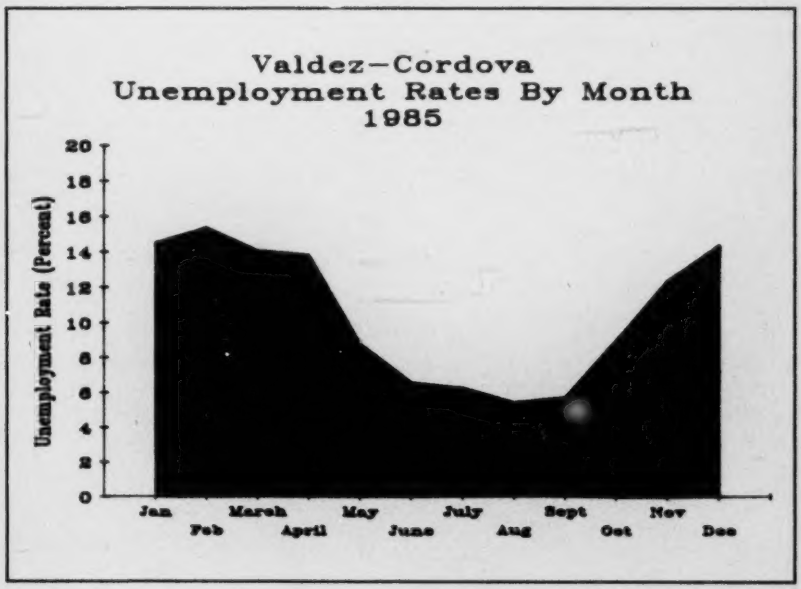
Valdez-Cordova's unemployment rate has fluctuated considerably over the past five years. In 1980 the area's unemployment rate was 11.2%, but it increased to 13.1% in 1982 even though employment reached its peak that same year. This appears to be a contradiction, but it is not unusual in Alaska for the unemployment rate to rise during peak employment growth. This is because the number of new job seekers attracted to the area by new job opportunities is greater than the number of new jobs.

Local residents may also have become more active in the labor force because work appeared to be available. To be considered unemployed a person must be actively seeking work. In an area such as Valdez-Cordova, where employment is typically difficult to find, some people may drop out of the labor force during periods of job scarcity and only become active when new job opportunities become available.

The poor King crab harvests which began in 1981 may have contributed to the higher unemployment rate, particularly in the Cordova labor market. From 1982 through 1984 the unemployment rates were above 13 percent. The area's economy lost its momentum in 1983 and failed to register employment growth since. The unemployment rate for 1985 unexpectedly fell to 10.2% though employment did not grow. One possible explanation is that some of the unemployed dropped out of the labor force, and others may have left the area. The fall in the unemployment rate was not an indicator of an improving economy.

Valdez-Cordova, Alaska
Unemployment Rates
1980-1985

Year	Valdez-Cordova	Alaska
1980	11.2%	9.6%
1981	11.8%	9.2%
1982	13.1%	10.0%
1983	13.7%	10.3%
1984	13.6%	10.1%
1985	10.2%	9.5%



The Valdez-Cordova area's unemployment rate has consistently remained above the statewide rate. Generally it has been 3 points above the statewide rate, but in 1985 it was less than a point above. The area's economy has been far less dynamic than the state's. During the past five years the area's economy has grown 6.5% compared to 35% statewide. Cordova has performed poorly during these years because of the poor shellfish harvests. Valdez's employment grew during the late 1970's and early 1980s but has remained flat for the past three years. The Copper River basin's economic performance has been no better.

Nonagricultural Wage and Salary Employment
By Place of Work
Gulf Coast

			Changes From:		
	P/ 2/86	R/ 1/86	2/85	1/86	2/85
Nonag. Wage & Salary	18850	18500	18100	350	750
Mining	750	750	750	0	0
Construction	1500	1500	1450	0	50
Manufacturing	1900	1650	1800	250	100
Food & Kindred Prod.	1250	1000	1200	250	50
All Other Mfg.	650	650	600	0	50
Trans. Comm. & Utilities	1700	1750	1650	-50	50
Trade	3700	3700	3400	0	300
Wholesale	500	500	500	0	0
Retail	3200	3200	2900	0	300
Finance-Ins. & R.E.	650	650	650	0	0
Services & Misc.	3100	3050	2900	50	200
Government	5550	5450	5500	100	50
Federal	500	500	500	0	0
State	1550	1450	1550	100	0
Local	3500	3500	3450	0	50

Monthly Unemployment Rates

Valdez-Cordova's unemployment rate fluctuates wildly during the course of a year. The winter unemployment rates can be three times as high as the summer rates. During 1985 unemployment peaked at 15.4% in February and fell to a low of 5.4% in August. Fishing, construction and tourism reach their peaks in June-August pulling the rates temporarily below the statewide unemployment rate. The area's unemployment rate climbs again as fast as it falls when the tourists leave and the construction season ends. Some fishing continues through the winter months, but the salmon season dwarfs the winter fishing activity. It is almost a feast and famine atmosphere. Many of Valdez-Cordova's residents earn their livelihood during the summer months, and hope to earn enough income to tide them over to the next employment season.

Current Trends

The unemployment rates for February in the region were mixed. Kenai Peninsula Borough's unemployment rate fell four-tenths of a point to 17.6%. The Valdez-Cordova rate rose one-tenth of a point to 15.8% and Kodiak's rate was the lowest in the region at 7.8%, a drop of 1.1 points.

February's over-the-month wage and salary employment remained

essentially flat in the region. Total wage and salary employment over-the-year indicates growth is still taking place in the region. Most of the growth is concentrated on the Kenai Peninsula. In February fish processing employment climbed as the shellfish harvest got busier. Though February's fish processing employment is slightly above year-ago figures, historically it is below average. Prior to the crash of the King crab harvest in 1980, fish processing employment usually climbed above the 2,000 level. During the past 5 years the average has fallen to 1,200.

Southeast Alaska

By John Boucher

Annual Average Unemployment Rate Drops

The annual average unemployment rate for the Southeast region dropped two and three-tenths percentage points in 1985 to 10.2%, a dramatic improvement over the 12.5% rate posted in 1984. Of the six Alaskan labor market areas, Southeast Alaska showed the most improvement in its unemployment rate over the year. Only one region improved more than one percentage point last year, while Southeast improved more than two full points. The change in the unemployment rate for the region was a result of less unemployed in every Southeast census area.

Within the seven census areas of Southeast Alaska, every area showed an improvement of at least one-half of one percentage point. Two areas improved five or more percentage points from 1984 to 1985. The two census divisions showing the greatest improvement in unemployment were the Wrangell-Petersburg census area and the Ketchikan-Gateway Borough census area. Wrangell-Petersburg posted an 11.2% rate in 1985 compared to 16.5% in 1984, and Ketchikan Gateway Borough's unemployment rate improved to 10.0% in 1985 after averaging 15.0% during 1984. The Juneau Borough and Sitka Borough census areas had the smallest improvement in their unemployment rates. Juneau dropped to 8.9% after a 9.6% rate in 1984. Sitka Borough had the smallest improvement in unemployment, falling from 10.1% in 1984 to 9.6% in 1985. Even though these two census areas had the smallest improvement in their annual unemployment rates, Sitka and Juneau continued to have the lowest unemployment rates in the region.

Observers of the Southeast Alaska economy are probably wondering why an improvement in the unemployment rate occurred when the region's economy posted its slowest rate of employment growth in the past several years. To the casual observer, an improved unemployment rate would not be expected during a slowdown in the economy. Comparison of 1984 and 1985 labor force data indicated a declining total labor force and increasing employment, these two factors alone would cause a drop in the unemployment rate. The drop in the total labor force is where the slowdown in the Southeast economy is being manifested.

The slowdown in employment growth during the past year is largely attributable to declining construction employment. From 1980 to 1983 construction employment played a very large part in the growth of the Southeast economy (see last month's *Alaska Economic Trends*). The problem is that construction in Alaska, even during the best of

Nonagricultural Wage and Salary Employment
By Place of Work
Southeast Alaska

	P/ 2/86	R/ 1/86	2/85	Changes From: 1/86	2/85
Nonag. Wage & Salary	26850	26650	26400	200	450
Construction	1050	1050	1200	0	-150
Manufacturing	2050	2000	2100	50	-50
Food & Kindred Prod.	450	450	400	0	50
Lumber & Paper Prod.	1400	1350	1500	50	-100
All Other Mfg.	200	200	200	0	0
Trans. Comm. & Utilities	1800	1700	1700	100	100
Trade	4150	4250	4050	-100	100
Wholesale	350	350	350	0	0
Retail	3800	3900	3700	-100	100
Finance-Ins. & R.E.	1100	1100	1050	0	50
Mining, Services & Misc.	4300	4300	4200	0	100
Government	12400	12250	12100	150	300
Federal	2000	2000	1950	0	50
State	5550	5500	5550	50	0
Local	4850	4750	4600	100	250

times, is an industry prone to higher than average unemployment among its workers. The manifestation of a thriving construction industry in Alaska could actually be an increased unemployment rate for the area because of the higher expected unemployment of this industries workers.

Another factor that leads to lower unemployment during an extended construction slowdown is the transient nature of the construction work force. Construction industry employees tend to be young and not as attached to the local labor market. These two factors lead to more out-migration from the local labor market during a period of less activity. From 1980 through 1983 many construction workers in Southeast Alaska were unemployed workers from the then depressed construction market in the Pacific Northwest. As construction activity has been curtailed in Alaska and the Northwest's market has improved those with less attachment to the Southeast labor market have folded up their operations and returned south. This is manifested in the shrinking Southeast civilian labor force.

Shrinking labor force and out-migration of some members of the labor force were not the only reasons for improved unemployment in Southeast Alaska. In 1984, the wood processing industry, particularly in the Wrangell-Petersburg and Ketchikan area census divisions, contributed to high unemployment because of mill shutdowns and closures. In 1985 employment in the wood products industry stabilized which contributed to declining unemployment rates.

Current Trends

Southeast Alaska wage and salary employment appears to have hit its low point for the winter and is on the rebound. Employment in Southeast increased in February for the first time since August of 1985. There were 200 more jobs in Southeast Alaska in February than January. Most industries maintained the same level of employment as January with the exception of government. Slight increases in the University of Alaska system and local government employment were responsible for 150 additional jobs in the government sector in February. Retail trade was the only industry to show a decline in employment over the month. Drops in food store, eating and drinking establishments and the all other retail category combined to produce this decline.

Southeast Alaska
Labor Force by Region and Census Division

	Labor Force			Unemployment			Rate			Employment		
	1983	**1984**	**1985**	**1983**	**1984**	**1985**	**1983**	**1984**	**1985**	**1983**	**1984**	**1985**
Southeast Region	32506	32969	32191	3973	4129	3288	12.2	12.5	10.2	28533	28840	28903
Haines Borough	1071	1038	1020	172	138	118	16.1	13.3	11.6	899	900	902
Juneau Borough	12164	12621	12550	1119	1215	1118	9.2	9.6	8.9	11045	11406	11432
Ketchikan Gateway Br.	6870	7222	6841	818	1082	687	11.9	15.0	10.0	6052	6140	6154
Prince of Wales-Outer Ketchikan	2514	2483	2430	457	388	330	18.2	15.6	13.6	2057	2095	2100
Sitka Borough	4082	3972	3959	438	402	381	10.7	10.1	9.6	3644	3570	3578
Skagway-Yakutat-Angoon	2134	1979	1951	429	301	270	20.1	15.2	13.8	1705	1678	1681
Wrangell-Petersburg	3675	3654	3442	541	604	385	14.7	16.5	11.2	3134	3050	3057

	Labor Force			Unemployment			Rate			Employment		
	1980	**1981**	**1982**	**1980**	**1981**	**1982**	**1980**	**1981**	**1982**	**1980**	**1981**	**1982**
Southeast Region	29327	29424	30056	2694	3210	3451	9.2	10.9	11.5	26633	26214	26605
Haines Borough	969	932	929	137	124	134	14.1	13.3	14.4	832	808	795
Juneau Borough	10429	10330	11130	761	775	928	7.3	7.5	8.3	9668	9555	10202
Ketchikan Gateway Br.	6172	6744	6598	570	837	817	9.2	12.4	12.4	5602	5907	5781
Prince of Wales-Outer Ketchikan	2158	2263	2225	266	378	376	12.3	16.7	16.9	1892	1885	1849
Sitka Borough	4187	3875	3974	324	358	490	7.7	9.2	12.3	3863	3517	3484
Skagway-Yakutat-Angoon	1974	1786	1785	252	254	242	12.8	14.2	13.6	1722	1532	1543
Wrangell-Petersburg	3437	3494	3415	384	483	464	11.2	13.8	13.6	3053	3011	2951

Alaska Hours and Earnings for Selected Industries 1/ 2/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	P/ 2/86	R/ 1/86	2/85	P/ 2/86	R/ 1/86	2/85	P/ 2/86	R/ 1/86	2/85
Mining	1136.79	1195.03	1351.09	51.0	51.8	53.7	22.29	23.07	25.16
Construction	966.70	883.54	909.09	39.7	38.1	37.8	24.35	23.19	24.05
Manufacturing	521.56	478.82	503.69	42.3	35.6	37.9	12.33	13.45	13.29
Food & Kindred Prod.	351.35	236.46	303.83	42.9	27.4	34.1	8.19	8.63	8.91
Lumber & Paper Prod.	624.59	598.40	606.62	46.3	44.0	40.2	13.49	13.60	15.09
Trans., Comm. & Utilities	580.22	575.46	548.81	36.4	36.7	35.8	15.94	15.68	15.33
Trade	384.29	386.76	390.28	33.1	33.0	33.5	11.61	11.72	11.65
Wholesale	531.74	547.97	509.29	38.7	37.0	38.7	13.74	14.81	13.16
Retail	331.53	329.90	346.97	31.1	31.6	31.6	10.66	10.44	10.98
Finance-Ins. & R.E.	426.46	410.56	432.95	34.7	32.1	35.9	12.29	12.79	12.06

1/ Prepared in cooperation with the Bureau of Labor Statistics, US Department of Labor

2/ excludes eating and drinking establishments

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.